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Pension funds to help riot-torn Los Angeles

Investment returns won't be sacrificed

By Steve Hemmerick

LOS ANGELES — California pension funds expect to use their financial clout to assist in the reconstruction of strife-ridden South-Central Los Angeles.

In an apparently unprecedented move, public pension funds officials — which oversee more than \$100 billion in combined assets — are being asked by political leaders to investigate how they can help Los Angeles without sacrificing investment returns.

Among recent developments:

- California State Treasurer Kathleen Brown wants a "summit meeting" of state, county and city pension funds, and is considering inviting corporate and union pension funds. She also suggests pen-

sion funds purchase general obligation bonds, which would be issued by the state, with the proceeds going to the Los Angeles area.

- The staff of the \$14 billion Los Angeles County Employees Retirement Association is contemplating working with a major retailer — sources say Wal-Mart, although fund officials wouldn't say — to build one store in and one store near the South-Central Los Angeles area.

- The \$37 billion California State Teachers' Retirement System might provide some sort of credit enhancement, such as a letter of credit, to mitigate the perceived riskiness of investment vehicles targeting strife-torn, economically depressed parts of the city.

- Separately, two trusts sponsored by the AFL-CIO, Washington, have conditionally committed up to \$75 million toward rebuilding businesses and affordable housing in riot-ravaged areas in Los Angeles.

"The staff is just trying to think of good ideas, and is talking to our advisers, talking to our consultants" about helping riot-stricken areas, said DeWitt Bowman, chief investment officer for the \$68 billion California Public Employees' Retirement System.

Pension funds ordinarily don't act on individual, non-financial events or catastrophes. Indeed, Jennifer Openshaw, media coordinator for the state treasurer, has described Ms. Brown's request for a summit meeting as unique.

See Funds on page 39



Investments by California pension funds would help South-Central Los Angeles rebuild following the riots.

AT DEADLINE

Sandia revamps equities

The \$1.5 billion pension fund of Sandia National Laboratories has revamped its \$870 million domestic equity portfolio.

Active managers hired were: Aronson + Fogler; Cash Flow Investors; Geewax, Terker; Jacobs Levy; Sasco Capital; and Steinberg Asset.

Wells Fargo Nikko was named an equity indexer.

The only firm retained was Dimensional Fund Advisors.

Four managers were terminated: Alliance Capital, Capital Guardian Trust, Delaware Investment Advisers and Fidelity Management Trust.

Allocations weren't revealed. Frank Russell was consultant.

Higgins replaces Bransford

Catherine Higgins has been named national practice leader for asset consulting at Towers Perrin, replacing Roger Bransford.

Mr. Bransford left in March to become president of money manager Stein Roe & Farnham.

Ms. Higgins has been the firm's New York regional practice leader for three years, and previously was president of Buck Pension Fund Services.

Fund awarded surplus

The \$400 million Financial

Continued on page 35

INSIDE

U.K. funds stymied

Attempts to encourage equalization of Britain's national insurance program suffered a setback after a European Court official issued an opinion agreeing with current pension eligibility requirements. Page 2.

3 ESOPs are facing federal scrutiny

By Joel Chernoff



J.C. Penney is under fire from the IRS for anti-takeover provisions in two benefit plans.

WASHINGTON — The Department of Labor is threatening to sue NationsBank for its actions as trustee of Polaroid Corp.'s ESOP during a hostile takeover bid.

If the Labor Department brings suit and wins, "it would discourage a lot of public companies from setting up ESOPs," said Corey Rosen, executive director of the National Center for Employee Ownership, Oakland, Calif.

Sources say the Labor Department warned NationsBank, Charlotte, N.C., in March that it intended to bring suit against the bank for blindly following the provisions of Cambridge, Mass.-based Polaroid's employee stock ownership plan during a 1989 takeover attempt by Shamrock Holdings Inc.

Meanwhile, ESOPs at two other companies are undergoing government scrutiny:

- Anti-takeover provisions in two J.C. Penney Inc. plans are drawing fire from the Internal Revenue Service and the Labor Department. Some pension experts warned the IRS might be increasing its role on ruling on fiduciary provisions in plan documents, an area traditionally the domain of the Labor Department. But an IRS official denied any turf issue is involved.

- The IRS is contending an unnamed Illinois company should have considered the effect of debt acquired in financing a new leveraged ESOP in valuing the price the plan pays for the stock. If the IRS sues and wins, the case could threaten the viability of leveraged ESOPs in privately held companies, experts said.

Polaroid is expected to become a major test case of Labor Department positions concerning the duties of the ESOP trustee.

In the face of a takeover bid of \$45 per share from Shamrock, the investment vehicle for Roy E. Disney, Polaroid took several steps: it expanded a previously planned ESOP to 14% of company stock from 5%; it sold \$300 million in convertible preferred shares to Lazard Freres' Corporate Partners fund; and it announced a \$1.1 billion buyback, at \$50 per share.

Shamrock challenged the creation of the Polaroid ESOP, but lost in Delaware Chancery Court on Jan. 30, 1989. But its \$45-per-share offer, and the threat of a proxy fight if the bid proved unsuccessful, remained on the table.

On Feb. 23, the Labor Department said ESOPs on page 38

Mexico ends foreign-fund tax

Withholding levy proved an obstacle

By Anne Schwimmer

MEXICO CITY — President Carlos Salinas de Gortari has decreed that foreign pension funds investing in bonds and convertible securities issued by Mexican corporations no longer are subject to a withholding tax.

The Mexican government hopes eliminating the tax will boost foreign pension investing in Mexican bonds.

The withholding tax had ap-

plied to all interest payments made to lenders outside Mexico by Mexican companies. (Mexican corporations typically issue debt into both the U.S. and European markets, often in the local currency.)

The withholding tax was 15% for a registered financial institution and 35% for everyone else. The bonds were priced at a higher rate to take into account the impact of the tax. The new decree makes it cheaper for a Mexican company to borrow from a tax-exempt foreign pension fund than from other foreign lenders.

Indeed, Mexican issuers might prove willing to pay out higher interest rates to tax-exempt in-

vestors, provided they still are saving some money by avoiding the tax.

"Pension funds will be in a privileged position," said Emilio Romano, a representative of the Mexican Ministry of Finance in Washington. "They would be in a better position to get a higher return on their loans," he said. "We really expect that this will encourage pension fund investing in Mexico."

In order to qualify for the exemption, the pension funds have to be tax-exempt in their home country and have to register with the Mexican Ministry of Finance.

The decree also might apply to See Mexico on page 39



President Carlos Salinas de Gortari has removed a tax on Mexican debt issues.

NEWS DIGEST



LINDA SUE SCOTT

In his monthly column, Graef Crystal examines the use of corporate-owned life insurance to grant senior executives an excessive rate of return on deferred compensation. Page 14.

Two public fund officials leave their positions to head up new offices for different investment management organizations. Page 4.

Harris Bankcorp. may sell a stake in its Harris Investment Management to employees as a way to attract and retain key staff members. Page 6.

SPECIAL REPORT: PIPER

Growth managers ride the strong performance of small-capitalization stocks to the top of the equity universe for the year ended March 31. Page 17.

Timber funds finish among the leaders of real estate portfolios for the third consecutive quarter. Page 18.

INTERNATIONAL

President Carlos Salinas de Gortari removes the tax on the bonds and convertibles of Mexican issuers in an attempt to attract foreign pension fund investors. Page 1.

The Advocate General's opinion on pension equalization laws leaves U.K. companies bewildered. Page 2.

REAL ESTATE

Fund F investors expressed their frustration at a hastily called meeting by the First National Bank of Chicago over how to handle the property investments. Page 2.

Olympia & York's filing for bankruptcy law protection may snuff out a renewed interest in real estate among pension investors. Page 37.

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New rules stress disclosure

Higher 401(k) costs could increase mutual fund use

By Hillary Durgin

WASHINGTON — The SEC's proposed overhaul of the 1940 Investment Company Act could increase costs for 401(k) plans investing in bank and insurance company pooled funds and drive them to greater use of mutual funds.

Requiring bank collective funds and insurance company separate accounts to register under federal securities laws and issue prospectuses for the first time ultimately could reduce yields for participants, banking and insurance industry sources say.

Meanwhile, the Labor Department's final regulation affecting 401(k) and other individual account plans will eliminate previously proposed regulatory burdens on plans that have company stock investment options.

The Labor Department's 404(c) regulation, which is expected to be released in June and still awaits review from the Office of Management and Budget, would eliminate a requirement that an independent fiduciary monitor the employer stock option. Such a fiduciary still could be necessary

in certain tender offer and proxy instances.

But the rule would add new disclosure requirements for defined contribution plans.

The proposals by the Securities and Exchange Commission and the Department of Labor's upcoming regulations are the two most important pieces of guidance affecting the burgeoning defined contribution market.

The focus on disclosure by both agencies underscores the importance of participant-driven investment decisions, as defined contribution plans have overtaken defined benefit plans as the fastest growing pool of retirement assets.

"For many pension plan participants, choosing where to invest will be the most important investment decision they will ever make. Participants need to be furnished complete information about their investment options," said the SEC's report detailing the proposed reform of the investment company act.

While many of the SEC's proposals would require congressional action, the Labor Department's 404(c) regulations likely would take effect the second plan

year after final issuance.

Among the SEC's recommendations to reform the Investment Company Act, bank collective funds and insurance company separate accounts in which defined contribution plans invest would have to register their shares under the Securities Act of 1933; in addition, federal securities laws would be amended to require participants to receive prospectuses and annual reports for the funds.

Also, an exemption from the 1940 Investment Company Act would be granted for certain funds — such as venture capital funds — in which sophisticated investors invest. (The sophisticated investor designation would be determined by the SEC and based on such factors as financial sophistication or net worth.)

Asset-backed securities also would be exempt, provided they meet other criteria.

In addition, limits on performance-based management fees would be loosened under the 1940 Investment Advisors Act to make it easier for U.S. money managers to compete overseas and to negotiate performance-based fees with

See **Regs** on page 35

Ruling stymies U.K. sponsors

Push to equalize benefits slowed

By Curtis Vosti

LONDON — U.K. companies seeking to address pension equalization are finding themselves in a quandary following an opinion from an official of the European Court of Justice.

The advisory opinion, issued May 12, says U.K. laws providing unequal treatment of men and women in the national pension insurance program do not conflict with the European Community laws.

The ruling is expected to slow the inertia of the U.K. government in its July 1991 stated intent to equalize benefits in the national insurance program. In turn,

that makes companies hesitant to implement an equalization age that might be different from one the government implements later, because the private pension schemes are intertwined with the government's plans.

"If they equalize the state pension schemes, the state would have to choose an equalization age, and there are so many scenarios we would face," said Adrian Furnell, pension specialist for the 1.6 billion pound (\$2.9 billion) fund of IBM Corp. (U.K.), Portsmouth. "Right now, we're sitting back and waiting. If we were to jump one way or other at the moment, we could be wrong."

The Advocate General's opinion, which is not binding but is expected to influence heavily the full court, means U.K. companies that participate in the national insurance program have two sets of guidelines to contend with as they

move toward pension equalization.

Two years ago, the court, in its Barber decision, mandated that private pension schemes equalize pension qualifications for men and women. But this month's opinion seems to let stand the U.K.'s national insurance scheme practice of having men contribute until age 65 for the same national pension benefit women receive for making contributions until age 60. The program also requires men to contribute for at least 44 years; women must contribute for at least 39 years.

National standards to qualify for government pension benefits are age 60 for women and age 65 for men. But after age 60, women are not required to make further contributions to the program, while working men between 60 and 64 must continue to contrib-

See **Opinion** on page 36

Impasse still plagues Fund F

REAL ESTATE

By Lisa Schultz

CHICAGO — Investors in First National Bank of Chicago's troubled Fund F turned away from a bank plea to agree on the disposition of their deteriorating real estate investments.

Frustration was evident at a May 21 emergency meeting, called by First Chicago in hopes of avoiding a public hearing in July on the U.S. Comptroller of the Currency's plans to take away from the bank administration of the \$478 million fund.

Investors met with bank officials in Chicago a week after the comptroller, the administrator of national banking practices, called for the public hearing to determine whether a cease-and-desist order should be issued against the bank.

The notice of public hearing followed a Feb. 14 decision by the 7th U.S. Circuit Court of Appeals in Chicago that upheld the comptroller's position on withdrawal requests from the fund. The bank had filed suit in U.S. District Court in Chicago contesting the position that withdrawal requests must be honored within one year. The appeals court also rejected the bank's proposal to distribute whole properties in lieu of cash, saying the bank had to choose between selling the properties or

giving the investors fractional interests in each of the properties.

At the May 21 meeting with investors, bank officials tried to get the investors to come to an agreement on fractional interests. "Either we will have to distribute fractional interests evenly or we will have to distribute fractional interests unevenly," a bank official said. Later, he reiterated there were more requests for cash withdrawals than cash available to meet them.

Bank officials had argued in court it would be imprudent if the fund were forced to liquidate properties in a depressed real estate market, and that such a sale would prompt additional withdrawal requests, leading to a "fire sale" of the 60 properties in the

See **Meeting** on page 34

INTERNATIONAL

New Jersey fund gives international equities a whirl

■ The New Jersey Division of Investment, Trenton, just made its first purchase of international equities after a year of screening international companies for ties to South Africa, said Roland Machold, director.

Mr. Machold did not reveal the size of the investment in a major Spanish bank, **Banco Santander**. He said the bank "just happened to be the first security we purchased on our approved list of international equities." He added the list of about 150 companies is diverse and does not necessarily contain "the best-known companies. It has a lot of local retailers, and every brewery in Europe."

The \$31 billion, internally managed fund received approval for international investment in June 1990 and made its first non-U.S. fixed-income investments in November of that year.

With regard to the expected

pace of additional international investments, he said: "If the markets go up, we'll go faster. If they don't, we'll continue a moderate rate of investments."

Under state law, the fund cannot invest in companies with significant South African ties. Mr. Machold said the South Africa restriction meant "we lost a lot of market access," but added fund executives are satisfied the approved universe will meet "long-term investment objectives."

While Japanese companies are on the approved list, the fund will not do business with Japanese brokers until the Japanese government "institutes significant market reforms," he said. Citing numerous securities scandals during the past year, Mr. Machold said "the Japanese government has done nothing to help and protect investors."

— Christine Philip



New Jersey's Roland Machold said the approved list has "every brewery in Europe."

REAL ESTATE

Shift needed to spur new lending

■ Real estate lending will begin again only when commercial banks and insurance companies mark to market existing loans, contends William B. Brueggeman, consulting director of real estate research with Goldman, Sachs & Co., New York.

The next two years will present such an opportunity as \$340 billion of construction-miniprimes

— loans typically five years in length used to replace construction financing — and bullet loans are scheduled to roll over, according to Mr. Brueggeman. Of that amount, "\$185 billion in commercial mortgage loans must be repriced before normal capital flows return to this market," he said.

"Lenders would do well to stra-

tegetically position themselves now for this market correction," he said.

In a report — "The Impending Correction in the Commercial Real Estate Mortgage Market-Its Magnitude and Timing" — Mr. Brueggeman outlined how the repricing can occur.

"It can be done unilaterally by lenders, or in conjunction with workouts, loan sales, loan swaps, through mortgage securitization, or by foreclosure and subsequent and other real estate owned," he said.

— Terry Williams

CFAs

Pension execs cram for exams

■ Seventy-seven corporate pension executives and 427 other corporate financial officers are among the almost 13,000 candidates who will take the Chartered Financial Analyst examinations June 6 in 125 centers worldwide.

To win the CFA designation, candidates must pass three rigorous exams.

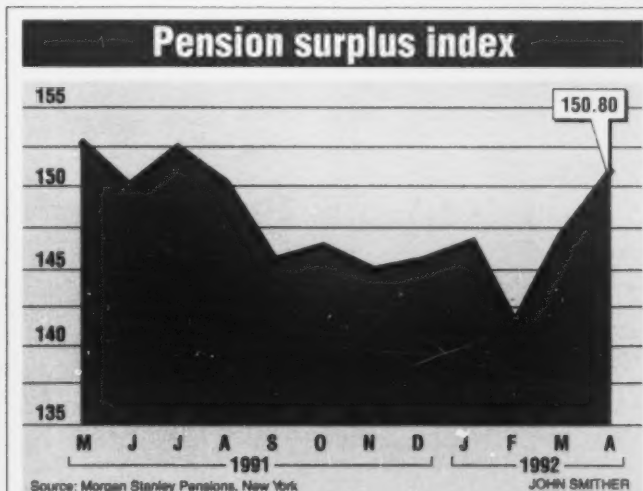
This year 6,798 candidates will be sitting for the level one exam, 4,034 will sit for the level two exam and 2,093 will take level three exams.

On average, 40% fail the level one exam the first year.

Portfolio managers comprise the largest group taking the exams, at 2,210. Following portfolio managers are 1,689 security analysts, 857 credit analysts, 595 investment consultants and 543 attorneys.

According to the Association for Investment Management Research, almost 15,000 individuals, from 38 countries are enrolled in the CFA program.

— Michael J. Clowes



INSURERS

Group launches benefits division

■ Promoting the theory of one-stop shopping, Royal Maccabees Life Insurance Co., Southfield, Mich., has integrated its Royal Investment Advisory Group with the firm's group pension and group life units to form an employee benefits division.

Through its subsidiaries, the division will offer fund management, trade executions, actuarial, consulting and administrative services. Donald I. Gregg, president of the Royal Investment Advisory Group, was appointed to oversee the division as senior vice president.

The new division "will take advantage of economies of scale," said Mr. Gregg. Although defined benefit plans might go to the chief financial officer, defined contribution plans usually are administered by human resource directors, Mr. Gregg explained. The new division will offer them "one-stop shopping."

Included in the Royal Investment Advisory Group are: Pension Portfolio Advisors, a manager of managers offering seven separate account options; Maccabees Equity Sales Co., a broker/dealer, and the newly acquired Meeks & Co., Columbus, Ohio, a third-party administrator, actuarial and consulting firm. The group pension unit offers general account guaranteed type products.

"Subsidiary firms are managed as a cohesive unit, though they cross corporate lines," said Mr. Gregg.

— Sabine Schramm

INVESTING

Small-cap, foreign stocks on menu

■ Pension funds intend to invest more in small-cap stocks and international equities, according to a recent Greenwich Associates' survey titled "Strengthening Relationships, Improving Performance."

"One particularly encouraging aspect of pension funds' attitudes toward asset allocation... is their growing emphasis on diversification," the report said.

In 1991, 54% of the funds surveyed by Greenwich said they now invest in small-cap stocks, compared with 48% in 1990. In both 1991 and 1990, 6% said they planned to start investing in small-cap stocks.

In 1991, 44% of the pension executives surveyed said they now invest in international equities, while 38% said they did so in 1990.

and 37% said they did in 1989. Meanwhile, 13% of those surveyed in 1991 said they intend to start investing in international equities, compared with 14% in 1990 and 10% in 1989.

"The shift by pension funds into international securities is, in fact, one of the most noteworthy results of our research in both of the past two years," the report said.

Interest in international bond investing is recovering from a sharp dip in 1990, when only 15% of said they allocated capital to that asset class, compared with 35% in 1989, according to the report. In 1991, the percentage of pension investors in international bonds grew somewhat, however, with 17% of those surveyed saying they invested in that area.

— Anne Schwimmer

ECONOMY

Economist trumpets U.S. optimism

■ U.S. demand growth likely will be stronger during the next several years than many analysts expect, predicts Richard B. Hoey, chief economist of The Dreyfus Corp., New York.

Mr. Hoey explained his optimism in the first issue of "Dreyfus Investment Debate," a newsletter. "We see clear signs that the credit crunch is beginning to ease," Mr. Hoey said. As proof, he cites a narrowed spread between Eurodollar and Treasury bill yields and between junk bond and Treasury bond yields, a rally in bank stocks, an active new issue calendar in the stock market and an acceleration in money supply growth.

He pays particular attention to "the emergence of a virtuous cycle of equity deleverage." He said: "Cheaper capital is being supplied to the economy via stock offerings, rather than primarily bank lending."

Mr. Hoey also said:

• The cyclical low in short-term interest rates should occur in the first half of 1992, and should move up later this year.

• Long-term interest rates should fluctuate around a neutral trend for the next year.

• The stock market probably will remain strong this year, although he notes both the bulls and bears "may be half right in the next few months. The valuation concerns identified by the bears may mute the cyclically favorable factors cited by the bulls."

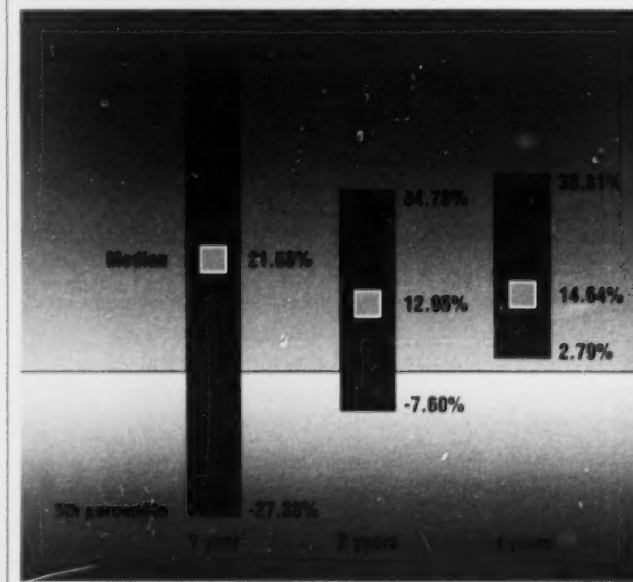
— Nancy K. Webman



R.B. Hoey

Tremont universe of limited partnerships

Returns for periods more than one year are annualized. All returns are before management expenses and performance fees. (Periods ended Dec. 31)





Argentina's stock exchange was a big draw for attendees of Wilshire's emerging markets conference.

INTERNATIONAL

Managers get a close-up look at Argentine market

■ More than 100 global money managers and plan sponsors got a close look at Argentina's volatile stock exchange, the Bolsa.

Attending Wilshire Associates' Emerging Markets Institute Conference in late April, the financial executives found the market thin, volatile and illiquid. The market capitalization is \$24 billion, and trading volume averages \$50 million a day.

In the last four months of 1989,

for example, the Bolsa 100 Index fell from 549 to 192, a 65% loss. The market's standard deviation of return has been 111% during the past five years, vs. 45% for other emerging markets, according to Wilshire Associates.

One conference attendee, R. Charles Tschampion, vice president-director of portfolio strategy and manager relations with General Motors Investment Management Co., New York, said illiqui-

dity in emerging markets would place constraints upon money managers. The investment company advises GM's \$41 billion pension fund.

Wilshire officials said \$30 billion could flow into emerging market stocks from U.S. pension funds in the next few years. Total emerging market capitalization is \$520 billion, and Latin America represents \$100 billion of that.

— Steve Hemmerick

INVESTING

Sponsors doing own detective work

■ Plan sponsors do not rely exclusively on the major rating agencies in assessing the credit quality of insurance companies that issue guaranteed investment products, according to a survey by the GIC Association, Lake Oswego, Ore.

Instead, the association's annual membership survey found, plan sponsors have started placing more emphasis on direct research on carriers.

According to the survey, 95% of respondents indicated investors should not rely solely on outside published ratings to determine

credit worthiness of issuers.

Indeed, increased credit research efforts was cited as the most important change in investor strategy in recent months. That contrasts with the 1991 survey, which found the most significant change was a "prudent investment strategy simply consisted of placing no more than 10% to 15% of contracts with any one highly rated GIC issuer."

The survey also found most plan sponsors believe further insurance company insolvencies are unlikely.

— Fred Williams

BENEFITS

Recession sends ESOPs, members into a decline

■ The recession has taken its toll on employee stock ownership plans.

According to the National Center for Employee Ownership, Oakland, Calif., the number of new ESOPs in 1991 declined 10% from a year earlier. In addition, the number of new ESOP participants declined 30% from the previous year.

In 1991, 416 new plans were created. However, because of the terminations of some already existing plans, the net number of plans and workers covered increased rose only slightly, according to Corey Rosen, executive director.

He said the decline in new ESOP formation was another telling statistic of the recession. Borrowing through ESOPs in 1991 declined 65% from 1990's level, to \$2.8 billion.

"Banks were less willing to make loans to anyone, including companies setting up or expanding ESOPs," the center's Mr. Rosen explained.

"At the same time, companies were less willing to commit to funding plans."

Nonetheless, Mr. Rosen said he remains optimistic that an economic turnaround, supported by continued research and education on the benefits of ESOPs, makes the long-term future of the plans bright.

— Curtis Vosti

PUBLIC FUNDS

South Africa may return to buy list

■ New York City Mayor David Dinkins said the time soon may be ripe to drop sanctions that prohibit the New York City pension funds from investing in companies that do business in South Africa.

Mayor Dinkins said he had instructed city Finance Commissioner Carol O'Cleireacain on May 14 to advocate revising investment restrictions on the \$20.7 billion New York City Employees' Retirement System and the \$12.3 billion Teachers' Retirement Sys-

tem "if and when an interim government is installed in South Africa." Currently, discussions are underway in South Africa to create a new constitution and an interim government.

There is one caveat: Sanctions should remain against arms manufacturers that do business in South Africa until the South African military, police and security forces are controlled by the South African people under a new, democratic constitution, Mr. Dinkins added.

— Joel Chernoff

REAL ESTATE

British company gives it all away

■ London's Dockland Development Corp. is prepared to offer developers free land in return for stakes in their development.

The firm particularly wants to interest developers in its 400-acre Royal Docks site.

The firm is suffering from the worsening property market in London, reflected by the highly publicized cash crunch of Olympia & York Developments Ltd., Toronto.

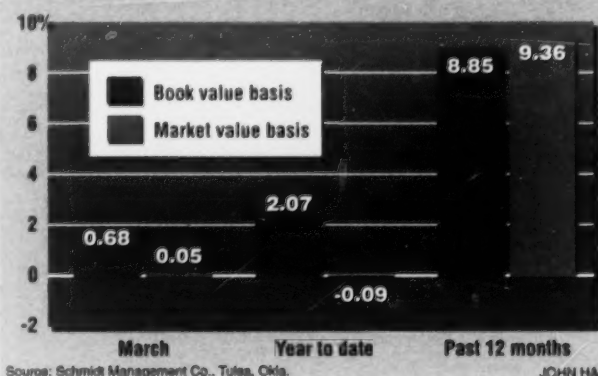
Dockland Development executives are negotiating with Trammell Crow, the U.S. developer, about another of its sites, Royal Victoria Dock.

Firm officials acknowledge talks with other developers have fallen apart.

— Aidan O'Sullivan

Schmidt composite GIC indexes

(Periods ended March 31)



JOHN HALL

MONEY MANAGERS

Caldwell gets Emory alumni award

■ The 1992 Emory Business School's Distinguished Achievement Award was presented to H. Eugene Caldwell, chairman, chief executive officer and chief operating officer of Caldwell & Orkin Inc., Atlanta.

The presentation is made annually to Emory alumni for outstanding achievements in business and civic activities.

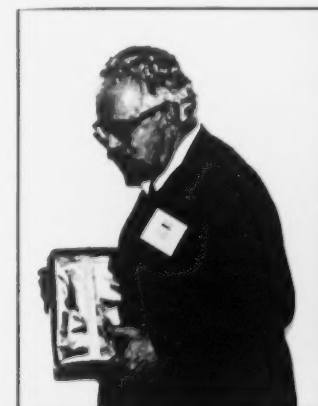
Prior to founding Caldwell & Orkin in 1986, Mr. Caldwell was a partner and senior vice president at Oppenheimer Capital Corp., New York; co-founder and chairman of Montag & Caldwell Inc., Atlanta; and economic analyst and portfolio manager at Trust Co. Bank, Atlanta.

A founding member of both the Atlanta Financial Analyst Society and Center for Strategic Studies, Mr. Caldwell also served as president in both organizations.

He has been governor of the Investment Counsel Association of American and is a member of the Association for Investment Man-

agement and Research and the Chartered Financial Analysts Society.

— Sabine Schramm



Eugene Caldwell of Caldwell & Orkin accepts his Emory Business School alumni award.

Indexes for valuing pension liabilities under FAS 87



JOHN HALL

Small-cap stocks boost growth managers

By Hillary Durgin

Growth managers, riding high on the wave of the strong returns of small-capitalization stocks for the year ended March 31, led the top equity performers in Pensions & Investments' Performance Evaluation Report.

Princeton Bank & Trust, East Brunswick, N.J., took the top slot for the year, scoring 51.1%, for its emerging growth fund. Other contenders for the 12-month period were Wellington Trust N.A., Boston, with 50.2% for its special sit-

uation portfolio; Meridian Investment Co., Valley Forge, Pa., with 44.7% for its Quest Special Equity Fund; and Bankers Trust Co., New York, with 44.6% for its small-cap fund.

"The whole small-company area has embarked on a multiyear bull market" beginning last year, said Francis B. Lane, chief investment officer at Princeton Bank & Trust.

In the PIPER managed account returns, value-oriented funds surged to lead first quarter performance as growth funds posted continued strong returns for the

year ended March 31. Heartland Advisors Inc., Milwaukee, the quarter's top performer, delivered 20.1% on its small-cap value equity fund.

For the year, Montgomery Asset Management, San Francisco, posted 43.4% for its small-cap growth portfolio. Heartland's fund posted 40.5% for the same period, and Strong/Corneliuson Capital Management Inc., Milwaukee, returned 38.2% for its small-cap equity portfolio.

In the fixed-income arena, Wellington Trust dominated commingled accounts, with 24.4% on its emerging bond fund portfolio for the year ended March 31. The \$10.5 million fund focuses on high-quality high-yield securities issued by small companies.

But, judging from first-quarter and 12-month returns, small-cap stocks with a growth twist were the place to be.

"From an economic standpoint, the winds have sort of been at our backs because of the focus on small companies," said Kevin Gaughan, director of client relationships and marketing at Strong/Corneliuson. "We're seeing pension funds now really, in a big way... dip into small-cap equities."

Part of the reason for the recent surge in attention is that in the 1980s, the focus on the Standard & Poor's 500 Stock Index funds "artificially bid up the price of large companies at the expense of small companies," Mr. Gaughan said.

Strong/Corneliuson manages \$120 million in eight separate accounts and \$80 million for 401(k) plans in a style that blends value and growth strategies. The portfolio is invested in 60 to 70 companies that represent various industries and have a market capitalization of between \$50 million to \$1 billion.

Stocks in the portfolio include: Superior Industries, which makes aluminum car wheels; National Computer Systems Inc., which makes optical scanning forms used for standardized tests; and Little Switzerland Inc., a retail outlet in the Caribbean.

MacKay-Shields Financial Corp., New York, captured strong returns on funds managed according to both growth and value styles. Its New York Life Institutional Growth Equity Fund delivered 35.9% for the year, closely followed by the 35.7% return on its New York Life Institutional Value Equity Fund.

"The growth funds in general did well in 1991, and value funds have done better in the first quarter of 1992," said John O'Brien, vice chairman at MacKay-Shields.

Princeton's Mr. Lane said the bank's \$15 million emerging growth fund emphasizes restaurant and health care companies with market capitalizations of less than \$500 million and a sales base of \$50 million to \$500 million. Mr. Lane generally selects companies that have a return on equity of 15% or higher, little or no debt and strong management ownership.

Mr. Lane said stocks he holds include: **Sonic Corp.**, a restaurant company that went public last year and whose earnings are growing at a 30% rate; **NovaCare Inc.**, which provides therapists to nursing homes and whose stock price went up more than 100% last year; and **Nelcor Inc.**, which has developed a new but as yet unapproved fetal monitor.

Investors' strong appetite for growth stocks is being fed by an unusually long cycle of underperformance from the end of the second quarter of 1983 through the end of the third quarter of 1990, Mr. Lane said.

"Small company stocks were overlooked for so long their earnings records have remained intact," Mr. Lane said.

Coming out of the recession, investors are looking for companies that have consistently high earnings growth with strong balance sheets and a price-to-earnings ratio equal to or less than their growth rate, he said.

Among international funds, the Latin American equities fund of Trust Co. of the West, Los Angeles, delivered 40% in the first quarter, and 64.4% for the year.

New York-based BEA Associates' international equity portfolio

was next for the quarter with 7.8% return and for the year with a strong 30.3%.

Following for the year was Ladas & Hulings Inc., Scottsdale, Ariz., with 16.67% on its International Value Account portfolio.

The median PIPER returns for international equity managed accounts were -4.3% for the quarter and -0.6% for the year. In comparison, the Morgan Stanley Capital International Europe Australia Far East Index returned -11.8% for the quarter and -7.7% for the year.

The median returns for PIPER commingled domestic equity accounts were -1.4% for the quarter and 12.5% for the year; for PIPER managed accounts, the figures were -0.8% and 15.4% respectively. In comparison, the Russell 2000 Index returned 7.5% and 21%, while the Standard & Poor's 500 Stock Index returned -2.5% and 11%.

For domestic fixed income, the median return for PIPER commingled accounts was -1% for the quarter and 11.4% for the year; median PIPER managed accounts returned -1.2% and 11.8% respectively. The Lehman Brothers Government/Corporate Bond Index for the same periods returned -1.5% and 11.4%.

PIPER commingled accounts, formerly called PIPER, include performance for funds that commingle client accounts for investment purposes. PIPER managed accounts, formerly PIPER+, includes only individually managed accounts. The data for both universes are gathered and compiled by Rogers, Casey & Associates Inc., Darien Conn.

PIPER managed fixed-income funds

Periods ended March 31

Overall

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	6.6	22.3	17.6	18.4	16.7
First quartile	-0.5	12.8	12.5	9.8	14.1
Median	-1.2	11.8	11.9	9.3	13.5
Third quartile	-1.8	10.9	11.0	8.9	12.5
Lowest return	-4.5	6.2	7.9	5.8	9.5
LB Gov't/Corp.	-1.5	11.4	11.9	8.9	13.1

Limited duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	3.7	12.3	11.5	10.8	12.9
First quartile	0.7	10.7	10.9	9.4	11.9
Median	0.3	9.8	10.5	9.0	11.4
Third quartile	-0.2	8.6	9.9	8.6	10.7
Lowest return	-1.0	6.2	7.9	7.8	9.6

Intermediate duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	6.6	22.3	15.2	12.6	14.9
First quartile	-0.3	12.0	12.1	9.7	13.6
Median	-0.7	11.1	11.4	9.1	12.8
Third quartile	-1.2	10.5	10.6	8.9	11.6
Lowest return	-2.8	7.4	8.6	7.6	10.1

Broad market

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.3	21.1	16.3	11.6	16.1
First quartile	-0.9	12.9	12.6	9.8	14.1
Median	-1.3	12.0	12.1	9.4	13.5
Third quartile	-1.8	11.3	11.4	9.0	12.9
Lowest return	-4.0	6.7	9.0	5.8	9.5

Long duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	2.3	20.6	17.6	18.4	16.7
First quartile	-0.8	14.0	13.1	10.3	14.9
Median	-1.7	12.6	12.1	9.2	14.1
Third quartile	-2.4	11.3	11.4	8.7	13.8
Lowest return	-4.5	8.4	9.4	7.5	11.6

JOHN HALL

PIPER managed fixed income accounts

Periods ended March 31

International

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	1.3	19.1	17.3	16.4	16.0
First quartile	-0.5	16.9	12.6	11.8	16.0
Median	-4.3	15.5	11.8	9.9	15.1
Third quartile	-4.9	11.1	10.2	9.3	14.5
Lowest return	-5.8	5.6	5.4	6.1	13.6
Salomon World Gov't	-3.4	13.3	10.4	8.6	na

Global

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	1.3	18.8	15.8	16.6	18.8
First quartile	-0.5	15.2	13.5	11.6	18.2
Median	-3.2	13.3	11.7	10.4	15.1
Third quartile	-4.3	11.5	11.0	9.8	13.9
Lowest return	-5.2	7.5	8.2	8.6	13.7
Salomon World	-3.8	14.0	11.0	8.9	13.9

JOHN HALL

Top PIPER managed equity accounts

Growth equity 3-month return

	%
Brinson Partners (Post venture)	12.4
Dawson-Samberg (Pequot)	11.4
Keeley Asset (Sp. sit.)	10.9
GT Capital (Small cap.)	10.6
Eagle Asset (Small cap.)	8.6
Target Investors (Emerging)	7.5
Russell 2000	7.5
Strong/Corneliuson (Sm./Med.)	6.5
Haven Capital (Garp)	4.6
William D. Witter (Small cap.)	4.6
Midco Investors (Small cap.)	4.3
S&P 500	-2.5

1-year return

	%
Montgomery Asset (Small cap.)	43.4
Strong/Corneliuson (Sm./med.)	38.2
Trust Co./West (Small cap.)	37.6
Cohen, Davis & Marks	36.4
MacKay-Shields Financial	35.9
Target Investors (Emerging)	35.4
IDS Advisory (Spec. emerg.)	34.8
Peregrine Capital (Small cap.)	34.7
Mt. Auburn Mgmt.	34.2
Standish, Ayer & Wood (Sm. cap.)	33.6
Russell 2000	21.0
S&P 500	11.0

5-year return

	%
Mt. Auburn Mgmt.	27.9
Montgomery Asset (Small cap.)	25.8

John McStay Invest. (Small cap.)	23.3
Cohen, Davis & Marks	22.7
Brinson Partners (Post venture)	20.9
Jundt Associates (Emerging)	20.4
Robertson, Stephens (Sm. co.)	20.3
Strong/Corneliuson (Sm./med.)	19.9
Amerindo US (Emerg. tech.)	19.7
Duncan-Hurst (Small cap.)	19.6
S&P 500	10.4
Russell 2000	6.1

10-year return

	%
Pacific Century (Small cap.)	34.1
Nicholas-Applegate (Emerging)	28.4
Chancellor Capital (Small cap.)	26.4
Severn Associates	25.8
Capital Growth	24.6
Strong/Corneliuson (Sm./med.)	24.6

Roger Engemann & Assoc.	23.1
Peregrine Capital (Small cap.)	23.1
Columbus Circle	22.9
Target Investors (Emerging)	22.8
S&P 500	18.2
Russell 2000	14.4

Value equity 3-month return

	%
Heartland Advisors (Small cap.)	20.1
Chilmark Capital Partners	19.0
David L. Babson (Small cap.)	14.7
Trust Co./West (Value added)	12.7
First Pacific Advisors (Small)	12.5
Mesirow Asset (Small cap.)	12.4
First Security	11.1
Dreman Value (Sm. cap./low p/e)	10.4
Fisher Invest. (Small cap.)	10.0

Anderson Capital (Income)	9.7
Russell 2000	7.5
S&P 500	-2.5

1-year return

	%
Heartland Advisors (Sm. cap.)	40.5
First Pacific Advisors (Small)	38.0
MacKay-Shields	35.7
Westport Asset (Sm. agg.)	34.2
David L. Babson (Sm. cap.)	33.9
Miller Anderson Sherrerd (Sm.)	33.8
Dreman Value (Sm. cap./low p/e)	33.7
Wilshire Asset (Sm. co.)	32.8
Neuberger & Berman (Sm. cap.)	30.8
Putnam Cos. (Small cap.)	30.7
Russell 2000	21.0
S&P 500	11.0

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Timber stays on roll

Funds among stars for 3rd straight quarter

By Steve Hemmerick

Timber investments continue to score among the highest returns for commingled real estate funds, and a pickup in housing starts is expected to further strengthen performance returns this year for timber products.

Among closed-end real estate funds, the \$15 million Forestree I of Hancock Timber Resource Group, Boston, scored calendar year 1991's highest total return. The \$15 million fund returned 17.6%, according to Pensions & Investments' Performance Evalu-

ation Report.

Third-best 1991 performance for closed-end funds came from Forest Investment Associates' \$85 million Real Estate Fund, which invests in timber. It scored a total return of 7.5%.

Hancock's \$1 billion Separate Accounts Timber Fund returned 21.5% for 1991. It was the third best open-end fund performer.

Timber fund returns surpassed median closed-end fund returns of -8.3% and open-end fund median returns of -5.2% for 1991.

The calendar year returns follow high returns timber funds reported in the third and second quarters of the year. In the quarter ended Sept. 30, the Forest Investment Associates fund and Forestree I ranked first and second respectively. And for the second quarter, Hancock's Separate Accounts fund ranked first among open-end funds.

The timber funds' returns were surprising as they came during 1991's sharp downturn in housing starts, said Scott Jones, manager of portfolio strategy for Hancock Timber Resource Group. Housing starts for 1991 fell to nearly 800,000 compared with about 1.5 million starts in the late 1980s.

But now housing starts are starting to come back, even as supplies for timber continue to tighten, said Mr. Jones.

He predicted housing starts could climb back to 1 million to 1.2 million starts for 1992. During the first quarter of this year, finished board prices — lumber used in building homes — shot up 20%, he said.

Helping to push housing starts up, he said, is low interest rates.

Environmental-led drives are limiting timber harvests there as a result of concerns about water quality and the endangered spotted owl, said Mr. Jones.

He said the supply of timber in the Northwest has been reduced about 25% in recent years.

Real estate mortgage funds and funds that invest in real estate investment trusts also are scoring well above core properties.

Two small funds of Star Bank, Cincinnati — the \$5.4 million Employee Benefit Trust and the \$12 million Personal Trust funds — scored first and second for open-end funds in 1991. The Employee Benefit Trust fund returned 31.5% and the Personal Trust fund, 30.6%. Both funds invest in real estate investment trusts and real estate company securities.

Prudential Real Estate Group's \$150 million Union Mortgage Account and Union Labor Life Insurance Co.'s MSA-J, both mortgage funds, scored high returns as well. The Prudential fund returned 16.6% and the Union Labor fund returned 8.7%, the fourth- and fifth-best performance among open-end funds.

Equitable Real Estate Investment Management Inc.'s \$302 million EQK III fund ranked second among closed-end funds. The predominantly regional mall fund returned 10.3%.

INVESCO Realty Advisors' Institutional Mortgage Fund II, a \$28 million diversified property fund, scored the fourth-best performance among closed-end funds. All of its 7.4% return came from income.

The PIPER universe covers 20 open-end funds and 60 closed-end real estate funds. The data are compiled by Rogers, Casey & Associates Inc., Darien, Conn.

INDEX FAX.

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5-year return	
	%
Chilmark Capital	41.8
Goodwin Capital (GCM 50)	21.0
Tukman Capital	16.8
Brinson Partners	16.5
Brinson Partners (Inter.)	16.2
State Street (Matrix syn.)	16.2
Dietche & Field (Core)	16.1
First Pacific (Small)	13.1
UBS Asset (Sm. cap.)	16.0
Geo Capital (Small cap.)	15.2
S&P 500	10.4
Russell 2000	6.1

10-year returns	
	%
Cadence Capital (Lg. cap.)	24.4
Fisher Invst. (Sm. cap.)	22.8
Oxford Capital (And cash)	22.6
Dietche & Field (Core)	22.5
UBS Asset (Small cap.)	22.5
Neuberger & Berman	22.4
Mitchell Hutchins (Core)	22.4
Tom Johnson Invst.	22.3
Wilshire Asset (Sm. co.)	22.3
Radnor Capital (Act. low p/e)	22.1
S&P 500	18.2
Russell 2000	14.4

Other equity	
3-month return	
	%
GW Capital (Sector rotation)	12.7
Cramer Rosenthal McGlynn (Sp.)	10.3
Mackenzie Invst. (Core)	7.8
Pengra Capital (Struc. demand)	7.8
Mellon Capital (MR 2000 sm.)	7.7
Russell 2000	7.5
Harris Invst. (Convertibles)	7.0
Fidelity Mgmt. (Sel. sm. cap.)	6.8
First Pacific (Dallas)	6.4
Martingale Asset (Hedged)	5.7
Heine Securities (Mutual Beacon)	5.5
S&P 500	-2.5

1-year returns	
	%
Ardsley Partners (II)	35.0
INVESCO Trust	33.0
UBS Asset (Small cap.)	32.9
Ardsley Partners (I)	31.7
Investment Advisers (Sm. cap.)	30.6
Dietche & Field (Opp.)	28.7
Nicholas-Applegate (Convertible)	26.7
Pension Management	24.2
Scudder Stevens & Clark	22.2
Mellon Capital (MR 2000 sm.)	22.0
Russell 2000	21.0
S&P 500	11.0

5-year returns	
	%
Feshbach Bros. (Southgate)	29.2
Dietche & Field (Opp.)	24.5
Fiduciary Mgmt. of Milwaukee	21.6
Nicholas-Applegate (Hedged)	18.8
Investment Advisers (Sm. cap.)	18.7
First Pacific (Dallas)	18.0
Westwood (Enhan. index-QAM)	17.6
GW Capital (Sect. rotation)	17.3
Nicholas-Applegate (Convertible)	15.8
Pension Mgmt.	15.6
S&P 500	10.4
Russell 2000	6.1

10-year returns	
	%
Westwood (Enhan. index-QAM)	25.4
First Pacific (Dallas)	24.2
Investment Advisers (Sm. cap.)	23.6
Goodwin Capital (Standard)	23.3
Caldwell & Orkin (Multifactor)	22.5
Fiduciary Mgmt. of Milwaukee	22.3
Cramer Rosenthal McGlynn (Sp.)	21.9
Pension Management	21.6
Loylegian Invst.	21.4
Argus Investors' Counsel (Divers.)	20.8
S&P 500	18.2
Russell 2000	14.4

Top PIPER managed fixed-income funds

Limited duration

3-month return	
	%
Shelby County Gov't	3.7
Gabelli/O'Connor (Act. 2-year)	1.1

Western Asset	0.9
Chase Invst. (Short)	0.9
Dimensional Fund (1-year)	0.9
Discount Corp. of N.Y. (Liquidity)	0.7
Sterling Capital (Short)	0.7
Independence One	0.7
Pacific Invst. (Low)	0.7
Charles River (Enhanced cash)	0.6
LB G/C	-1.5

1-year return	
	%
Union Capital	12.3
Weiss, Peck & Greer (Short)	12.0
Western Asset	11.9
Income Res. (Enhanced cash)	11.5
LB G/C	11.4
Pacific Invst. (Low)	11.2
Standish Ayer & Wood (Cont. risk)	10.9
Merganser Capital (10.2)	10.2
Longfellow Invst (Short)	10.2
Boston Co. (Short)	10.1
Shelby County Gov't	10.0

5-year return	
	%
Western Asset	10.8
Pacific Invst. (Low)	9.6
Weiss, Peck & Greer (Short)	9.6
Boston Co. (Short)	9.4
Merganser Capital	9.4
Longfellow Invst. (Short)	9.3
Standish Ayer & Wood (Cont. risk)	9.1
Fiduciary Mgmt.	9.1
RCM Capital (Short)	9.0
LB G/C	8.9

10-year return	
	%
LB G/C	13.1
Union Capital	12.9
Pacific Invst. (Low)	12.2
Longfellow Invst. (Short)	11.9
Weiss, Peck & Greer (Short)	11.9
Merganser Capital	11.8

Emerging markets: Oct. 26.

Intermediate duration	
3-month return	
	%
Eveans Bash Magrino (Stable val.)	1.1
Independence One (Prima III)	0.5
U.S. Trust of California	0.4
STW Fixed Income (Short)	0.3
JMC Capital	0.0
CIGNA Asset	0.0
Rainier Invst.	-0.2
JCW Invst. (Value)	0.3
Massachusetts Financial	-0.5
LB G/C	-1.5

1-year returns	
	%
Bartlett & Co. (Act. value)	14.4
Kemper Asset (Plus)	13.7
Fox Asset	13.3
Pacific Invst. (Mtg.)	13.1
Denver Invst.	12.9
Scudder Stevens Clark (Ltd. vol.)	12.4
Investment Advisers (Act. dur. 20)	12.1
CIGNA Asset	12.0

Waddell & Reed Asset	11.9
LB G/C	11.4

5-year returns	
	%
Fox Asset	12.6
U.S. Trust of California	11.2
Bartlett & Co. (Act. value)	11.1
First Pacific	10.8
Wagstaff, Lodefink	9.9
STW Fixed Income (Short)	9.8
Brundage Story (Short/inter.)	9.7
Kemper Asset (Plus)	9.6
Scudder Stevens Clark (Ltd. vol.)	9.6
LB G/C	8.9

10-year returns	
	%
Kemper Asset (Plus)	14.9
Wagstaff, Lodefink	14.3
Investment Advisers (Act. dur. 20)	14.2
Wolf Webb Burk (Rate anticip.)	14.1
First Pacific	13.6
INVESCO MIM (Act. dur.)	13.6

WHO MANAGES THE NUMBER ONE INSTITUTIONAL FUND IN ITS CLASS?

PIPER

CIGNA Asset	13.6
Boatmen's Trust	13.5
Boston Co.	13.3
LB G/C	13.1

Broad Market 3-month return

	%
Leshner (Midwest treas.)	4.3
Scheetz, Smith	3.6
GW Capital (Sector rotation)	2.3
T. Rowe Price (Cont. vol.)	1.1
Peregrine Capital (Total ret.)	0.8
Taplin, Canida & Habacht	0.6
Dewey Square (Mtg.)	0.5
NWQ Invst.	0.3
Loomis, Sayles (Invst. grade.)	-0.1
Blackstone Fin. (Mtg./treas.)	-0.3
LB G/C	-1.5

1-year return

	%
GW Capital (Sector rotation)	21.1

Leshner (Midwest treas.)	20.2
Scheetz, Smith	17.5
Dewey Square (Mtg.)	17.1
Blackstone Fin. (Mtg./treas.)	16.0
Loomis, Sayles (Invst. grade)	15.1
Dewey Square (Act.)	14.3
Bridgewater Asset (Act. dur.)	14.2
Loomis, Sayles/Pasadena	14.2
Durkee Capital (Reactive)	14.1
LB G/C	11.4

5-year return

	%
GW Capital (Sector rotation)	11.6
Hoisington Invst.	11.5
Morgan Grenfell Capital	11.0
Durkee Capital (Reactive)	10.8
Jamison, Eaton (Act. dur.)	10.7
Bridgewater Asset (Act. dur.)	10.6
Furman Selz (Gov't/agency)	10.4
Pacific Invst. (Total return)	10.4
Miller Anderson & Sherrerd (Mtg.)	10.3
Pacific Invst. (SA free)	10.2
LB G/C	8.9

10-year returns

	%
Morgan Grenfell Capital	16.1
Miller Anderson & Sherrerd (Mtg.)	15.9
Patterson Capital	15.5
Meridian Invst.	15.4
Standish, Ayer & Wood	15.2
Jamison, Eaton (Act. dur.)	15.1
Pacific Invst. (Total return)	15.0
Loomis, Sayles (Invst. grade)	14.9
Ferguson & Wellman (Anticip.)	14.9
Denver Invst. (Strat.)	14.6
LB G/C	13.1

Long duration

3-month return

	%
Trust Co./West (Mtg.-backed)	2.3
Lara, Luchsinger & Dietze (Treas.)	1.1
Garner Asset (Value)	0.6
Garner Asset (Insurance)	0.6
Putnam Cos.	0.3
Portfolio Capital	0.1
Bradford & Marzec	0.0

Investment Advisors (Act. dur.)	-0.2
Criterion Invst. (Mtg.)	-0.6
Atlantic Portfolio (MBS index)	-0.6
LB G/C	-1.5

1-year returns

	%
Trust Co./West (Mtg.-backed)	20.6
Lara, Luchsinger & Dietze (Treas.)	16.8
Investment Advisors (Act. dur.)	16.5
McCowan Associates	14.8
Income Research	14.7
Miller Anderson & Sherrerd	14.4
Crawford Invst.	14.3
STW Fixed Income	14.2
Criterion Invst. (Mtg.)	14.1
Bradford & Marzec	14.0
LB G/C	11.4

5-year returns

	%
Lara, Luchsinger & Dietze (Treas.)	18.4
Seaboard Invst.	15.7
Trust Co./West (Mtg.-backed)	13.2

McKee Invst. (Sub. Va.)	11.0
Criterion Invst.	10.9
Criterion Invst. (Mtg.)	10.7
MacKenzie Invst.	10.5
McCowan Associates	10.5
Crawford Invst.	10.3
Jamison, Eaton & Wood	10.0
LB G/C	8.9

10-year returns

	%
STW Fixed Income	16.7
Miller Anderson & Sherrerd	15.4
Denver Invst.	15.1
Smith Affiliated	15.1
Crawford Invst.	14.9
Boatmen's Trust (Variable)	14.9
Jamison, Eaton & Wood	14.6
Axe-Houghton (Corp.)	14.6
Putnam Cos.	14.6
McCowan Associates	14.4
LB G/C	13.1

Other fixed-income

3-month return

	%
Loomis, Sayles	2.2
Eastbridge Capital (MBS hed.)	1.2
T. Rowe Price (Multi media)	0.6
T. Rowe Price (Index)	0.4
Darien Capital	-0.4
LB G/C	-1.5

1-year returns

	%
Loomis, Sayles	18.8
Brundage, Story (Index plus)	12.4
Darien Capital	11.9
T. Rowe Price (Index)	11.8
Lincoln Capital (Enhanced)	11.7
LB G/C	11.4

5-year returns

	%
Loomis, Sayles	10.3
Brundage, Story (Index plus)	9.8
PanAgora (Index)	9.3
Mellon Bond (Index)	9.1
LB G/C	8.9

10-year returns

	%
Loomis, Sayles	15.6
LB G/C	13.1

Top PIPER managed equity funds

International

3-month return

	%
BEA Associates	7.7
Boston Overseas (EAFE)	5.1
Crown Financial	3.8
Waddell & Reed (Growth)	3.3
The Principal	3.1
Wellington Trust	2.9
Bank of Ireland	2.9
Marvin & Palmer	1.9
First NH-Bank of Ireland	1.9
Martin Currie (European)	1.7
MSCI EAFE	-11.8
FTA Europe & Pacific	-13.0

1-year returns

	%
BEA Associates	30.3
Ladas & Hulings (Value)	16.7
Waddell & Reed (Growth)	16.3
Gulfstream Global	12.3
Marvin & Palmer	11.6
The Principal	11.1
Wright Investors'	9.5
Vontobel USA (Europacific)	9.0
Bank of Ireland	8.9
Templeton Invst.	8.8
MSCI EAFE	-7.7
FTA Europe & Pacific	-8.9

5-year returns

	%
BEA Associates	23.5
CL Capital	14.3
Boston Overseas (EAFE)	13.7
Morgan Stanley Asset	13.1
Templeton Invst.	12.2
Provident Capital (Low p/e)	11.3
Cseh Int'l (Low p/e)	11.0



It shouldn't be surprising that, among all insurers, The Equitable had the top performing institutional Separate Account in a recent survey by *Financial World*. Or that two other institutional funds we manage ranked in the top ten.*

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Bank of Ireland	10.7
Grantham Mayo Van Otterloo	10.4
CIGNA Int'l Invest.	10.0
MSCI EAFE	1.9
FTA Europe & Pacific	1.8

10-year returns

BEA Associates	27.9
Templeton Invest.	23.7
Scudder Stevens & Clark	23.5
Grantham Mayo Van Otterloo	22.9
Putnam Cos.	21.3
Gulfstream Global	21.3
Henderson Admin. (EAFE)	20.8
Brinson Partners	20.4
World Invest	20.4
Putnam Cos.	20.3
MSCI EAFE	18.4
FTA Europe & Pacific	18.3

Global

3-month return

Mercator Asset	4.7
Martin Currie	3.5
World Invest	2.5
Associated Bank (P/PS worldwide)	2.3
Templeton Invest.	1.2
Marvin & Palmer	1.2
G.T. Capital	0.9
Capital Guardian (New pers.)	0.4
UBS Phillips & Drew	-0.7
Marathon Asset (Active)	-1.2
MSCI World	-8.0
FTA World	-8.5

1-year returns

Marvin & Palmer	18.7
Martin Currie	16.5
Capital Guardian (New pers.)	11.4
Templeton Invest.	10.6
World Invest	9.0
G.T. Capital	8.1
Brinson Partners	8.0
AIG Global Investors	7.2
Scudder Stevens & Clark	6.7
Bank of Ireland	6.4
MSCI World	-0.5
FTA World	-0.7

5-year returns

Martin Currie	14.5
Brinson Partners	12.3
Marvin & Palmer	11.6
Bank of Ireland	11.1
Scudder Stevens & Clark	10.9
AIG Global Investors	10.6
Morgan Stanley	10.4

Capital Guardian (New pers.)	10.1
Burgess Capital	9.7
Mercator Asset	9.1
FTA World	4.9
MSCI World	4.8

10-year returns

Burgess Capital	22.2
World Invest	22.1
Putnam Cos.	20.6
Martin Currie	20.5
Brinson Partners	20.4
MSCI World	17.6
FTA World	16.3

Other

international and global

3-month return

G.T. Capital (Emerg. mkts.)	16.2
J.P. Morgan (Emerg. mkts.)	14.0
Mercator Asset (Developing)	12.1
Templeton Invest. (Emerg. mkts.)	12.0
Edinburgh Wilmington (Ex Japan)	11.7
Crown Financial (European)	8.6
Henderson (Pac. ex Japan)	8.2
G.T. Capital (Pac. ex Japan)	6.9
Newport Pacific (Tiger)	6.5
Daiwa Int'l (Pac. ex Japan)	4.5

1-year returns

Templeton Invest. (Emerg. mkts.)	56.4
G.T. Capital (Emerg. mkts.)	52.1
Mercator Asset (Developing)	25.0
Edinburgh Wilmington (U.K.)	21.6
J.P. Morgan (Emerg. mkt.)	19.4
G.T. Capital (Pac. ex Japan)	19.0
Henderson (Pac. ex Japan)	18.0
Newport Pacific (Tiger)	14.8
Edinburgh Wilmington (Eurofund)	12.5
ABN-AMRO (European)	11.6

5-year returns

Morgan Grenfell (Sm cap. Japan)	28.4
Templeton Invest. (Emerg. mkts.)	26.9
G.T. Capital (Japan)	16.8
G.T. Capital (Pac. ex Japan)	16.7
J.P. Morgan (European)	13.5
Baillie Gifford (European)	12.2
Dunedin Fund (Pacific)	11.4
Henderson (Pac. ex Japan)	10.9
G.T. Capital (Pacific)	10.6
RCB Trust (Pacific)	10.6

10-year returns

Wells Fargo Nikko (Japan)	23.7
---------------------------	------

Henderson (Europe/U.K.)	22.6
Crown Financial (U.K. mgd.)	22.3
Henderson (Europe ex U.K.)	21.6
Henderson (U.K. core)	20.6
Baring Int'l (Pacific Basin)	19.3

Top PIPER managed fixed-income funds

International

3-month return

CIGNA Int'l	1.3
Crown Financial (Fixed interest)	1.1
Delaware Int'l	0.3
Global Fixed (Currency hedged)	0.1
World Invest (IPBF)	-2.5
Capital Guardian	-3.0
Salomon World Gov't	-3.4
J.P. Morgan	-4.0
Rowe Price-Fleming	-4.2
Baring Int'l	-4.3

1-year returns

World Invest (IPBF)	19.1
Rogge, Global Partners	17.7
Scudder Stevens & Clark	17.5
Julius Baer Invest.	17.5
UBS Asset (CMB)	16.9
Rowe Price-Fleming	16.6
Brinson Partners	16.3
Baring Int'l	16.3
Global Fixed Income	16.0
Salomon World Gov't	13.3

5-year returns

Putnam Cos.	16.4
Baring Int'l	12.9
UBS Asset (CMB)	11.8
Brinson Partners	11.8
World Invest (IPBF)	11.7
Julius Baer	9.9
Salomon World Gov't	8.6

10-year returns

Brinson Partners	16.0
World Invest (IPBF)	16.0
J.P. Morgan	15.2

Global

3-month return

Alliance Capital (Short term)	1.3
Miller, Anderson & Sherrerd	1.0
Discount Corp. of New York	0.8
RCB Int'l	0.2
Paribas Asset	-0.2
World Invest	-0.5
Global Fixed Income (Yield)	-1.1
Massachusetts Financial	-2.1
Alliance Capital	-2.9
Massachusetts Financial	-3.0
Salomon World	-3.8

1-year returns

Miller, Anderson & Sherrerd	18.8
Rogge Global Partners	15.7
Massachusetts Financial	15.6
RCB Int'l	15.3
World Invest	15.2
Van Eck Associates (World)	15.2
Brinson Partners	15.0
Massachusetts Financial	14.5
Julius Baer Invest.	14.4
Salomon World	14.0
Alliance Capital	13.6

5-year returns

Putnam Cos.	16.6
Global Fixed Income	13.5
World Invest	11.8
Baring Int'l (1)	11.6
Global Fixed Income (Yield)	11.6
Smith Barney Capital	10.7
Brinson Partners	10.4
Salomon World	8.9

10-year returns

World Invest	18.8
Brinson Partners	15.6
Baring Int'l	15.1
Salomon World	13.9

PIPER managed accounts

Periods ended March 31

Balanced

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	7.2	38.4	27.1	19.0	21.9
First quartile	0.3	15.1	15.4	11.3	17.3
Median	-1.5	13.0	14.0	10.3	16.2
Third quartile	-2.5	11.1	12.4	9.4	15.3
Lowest return	-7.5	2.9	4.0	1.2	12.2

T.A.A.

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	3.4	17.8	17.7	14.6	19.9
First quartile	-0.1	13.2	15.0	11.9	18.8
Median	-1.8	12.5	13.7	10.5	17.4
Third quartile	-2.9	11.1	11.8	8.7	15.6
Lowest return	-3.5	7.1	7.6	5.1	12.0

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Top PIPER managed balanced accounts

3-month return

Quaker Capital	7.2
GW Capital (Sect. rotation B)	6.2
Kirr, Marbach and Co.	6.1
John Stewart Darrell	4.6
Heartland Advisors	4.1
Pinnacle Assoc.	3.7
Trinity Invest.	3.6
Radnor Capital (Act. low p/e)	3.6
Haven Capital	3.4
Rorer Asset	3.1

1-year returns

Quaker Capital	38.4
Essex Invest.	25.5
Provident Invest.	22.9
Equitable Capital (Strategic)	20.6
Roxbury Capital	20.5
Turner Invest. Partners (Core)	20.3
Bartlett & Co. (Value)	20.1
Kirr, Marbach and Co.	20.0
Atlanta/Sosnoff (Comp.)	19.6
Denver Invest.	19.5

5-year returns

Quaker Capital	19.0
Essex Invest.	17.3
Turner Invest. Partners (Core)	16.1
Capstone Asset (Growth)	15.5
Provident Invest.	14.7
Roxbury Capital	14.3
Value Line	14.0
Oxford Capital	14.0
Brinson Partners (US)	13.8
Fayez Sarofim	13.5

10-year returns

Oxford Capital	21.9
Provident Invest.	20.3
Davenport & Co. of Va.	20.1
Caldwell & Orkin	19.6
Essex Invest.	19.2
Columbus Capital	19.1
Wedge Capital	19.1
Tom Johnson Invest.	19.0
Investment Counselors	19.0
Radnor Capital (Act. low p/e)	18.9

Top PIPER managed TAA accounts

3-month return

Pacific NW Trust	3.4
Wagstaff, Lodefink	1.9
Wolf, Webb, Burk & Campbell	1.0
Sterling Capital (Eq.)	0.8
Righttime Economics	0.6
Renaissance Invest. (3-way)	0.1
Seaboard Invest.	0.0
INVESCO MIM	-0.1
Forstmann-Leff (Taft Hartley)	-0.1
TSA Capital (50/50)	-1.1

1-year returns

Pacific NW Trust	17.8
TSA Capital (Bond)	16.8
Mellon Equity (Quant.)	14.9
Quantilogs Asset	14.1
Investment Advisors	14.1
INVESCO MIM	13.5
Forstmann-Leff	13.4
MIMLIC Asset	13.2
Forstman-Leff (Taft Hartley)	13.1
Chancellor (Stockshift 200)	13.0

PIPER managed equity accounts

Periods ended March 31

Overall

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	20.1	43.4	39.8	29.2	34.1
First quartile	2.2	20.4	19.9	13.8	20.5
Median	-0.8	15.4	15.6	11.2	18.7
Third quartile	-2.8	11.9	12.8	9.6	17.3
Lowest return	-18.7	-39.0	-0.1	1.2	11.0
S&P 500	-2.5	11.0	14.8	10.4	18.2
Russell 2000	7.5	21.0	10.9	6.1	14.4

Growth

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	12.4	43.4	39.8	27.9	34.1
First quartile	0.3	23.3	24.3	15.3	21.2
Median	-2.2	17.0	19.8	12.7	19.3
Third quartile	-4.8	12.6	16.0	10.1	17.5
Lowest return	-18.7	-0.9	6.4	4.4	11.0

Value

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	20.1	40.5	22.7	41.8	24.4
First quartile	4.6	18.7	15.9	12.3	20.0
Median	1.0	15.0	13.8	10.6	18.4
Third quartile	-1.4	11.4	11.7	9.3	17.2
Lowest return	-7.1	-2.7	4.8	4.3	12.3

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PIPER managed equity accounts

Periods ended March 31

International

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	7.7	30.3	18.8	23.5	27.9
First quartile	-1.5	4.6	7.7	9.0	20.4
Median	-4.3	-0.6	4.4	6.9	19.7
Third quartile	-7.6	-5.1	-0.3	3.7	18.1
Lowest return	-16.9	-16.8	-6.6	-1.5	15.6
MSCI EAFE	-11.8	-7.7	-5.6	1.9	18.4
FTA Europe & Pacific	-13.0	-8.9	-6.1	1.8	18.3

Global

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.7	18.7	19.3	14.5	22.2
First quartile	-0.4	8.9	10.1	10.1	20.5
Median	-2.7	4.1	7.1	8.0	20.0
Third quartile	-5.5	2.3	5.0	4.8	18.3
Lowest return	-13.5	-10.8	2.4	1.7	12.9
MSCI World	-8.0	-0.5	1.5	4.8	17.5
FTA World	-8.5	-0.7	1.4	4.9	16.3

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5-year returns

	%
Chancellor (Stockshift 200)	14.6
Seaboard Invst.	14.1
Quantilogic Asset	13.6
Bankers Trust (Active)	13.3
J.P. Morgan Invst.	12.8
Mellon Equity (Quant.)	12.5
TSA Capital (Bond)	12.3
Chancellor (Stockshift 150)	11.9
Righttime Econometrics	11.8
Mellon Capital	11.2

10-year returns

	%
Wagstaff, Lodefink	19.9
Chancellor (Assetshift 65)	18.8
Wells Fargo Nikko (U.S.)	18.8
Pentec (Stocks/cash)	18.4
Righttime Econometrics	18.4
PanAgora Asset	18.3
Renaissance Invst.	16.4

**Top PIPER
commingled
equity funds**
Growth equity
3-month return

	%
General American (Small cap.)	13.9
Wellington Trust (Emerg.)	11.4
Qualivest Capital	10.8
Russell 2000	7.5
Connecticut Nat'l (Special)	6.3
Union Central Life	6.1
Mississippi Valley (Special)	5.7
LaSalle Street (Small cap.)	5.3
Ameritrust	4.3
Midco Investors	4.3
S&P 500	-2.5

1-year return

	%
Princeton Bank (Small cap.)	51.1
Bankers Trust (Small cap.)	44.6
Chancellor Capital (Em. health C)	39.6
Norwest Bank (Small)	34.6
Qualivest Capital	34.2
IDS Trust (Emerg. E)	33.4
General American (Small cap.)	33.1
Sunburst Bank	32.4
Russell 2000	21.0
S&P 500	11.0

5-year return

	%
Chancellor Capital (Em. health C)	22.6
First Wisconsin Asset (Emerg. E)	20.1
Equitable Capital (Special)	19.8
Chancellor Capital (Select)	17.9
Shearson Lehman (Small cap.)	17.8
IDS Trust (Core)	17.6
Lincoln Nat'l (Select)	16.8
Shearson Lohman (Flexible E)	16.6
Chancellor Capital	16.5
S&P 500	10.4
Russell 2000	6.1

10-year return

	%
Sunbank Capital	26.3
Connecticut Nat'l (Special)	22.6
Chancellor Capital	21.1
First Wisconsin Asset (Sm. cap.)	20.7
Equitable Capital (Special)	20.1
Manulife Financial	20.0
Investment Trust	20.0
Guardian Insurance (Variable A)	19.4
Associated Bank (P/PS)	19.3
S&P 500	18.2
Russell 2000	14.4

**Value equity
3-month return**

	%
Trust Co. of the West (Added)	12.4

Wachovia Invst. (Special)	9.6
NBD Bank (Intrinsic F)	7.8
New York Life (S.A. 6)	7.7
Mass. Mutual (Sm. cap. E)	6.7
Russell 2000	7.5
Sunbank Capital (Income)	6.5
Boatmen's Trust	6.4
Provident Capital	6.0
CL Capital	5.8
Pacific NW Trust	5.2
S&P 500	-2.5

1-year return

	%
US Nat'l Oregon (Qualivest)	38.6
Wachovia Invst. (Special)	30.3
New York Life (S.A. 6)	28.3
Trust Co. of the West (Added)	26.1
Sunbank Capital (Income)	26.1
CL Capital	23.0
Provident Capital	22.6
Connecticut Mutual	22.5
First Nat'l Bank of Amarillo	21.8
Pacific NW Trust	21.4
Russell 2000	21.0
S&P 500	11.0

5-year return

	%
State Street (Matrix Synthesis)	16.6
First Nat'l Bank of Amarillo	16.1
US Nat'l Bank of Galveston	15.5
Associated Bank (P/PS)	14.8
US Nat'l Oregon (Qualivest)	14.3
Mass. Mutual (Sm. cap. E)	13.4
Connecticut Mutual	13.2
John Hancock Mutual (Divers.)	13.2
NationsBank	13.0
First Illinois (Corp.)	12.8
S&P 500	10.4
Russell 2000	6.1

10-year returns

	%
First Nat'l Bank of Amarillo	21.1

US Nat'l Bank of Galveston	20.5
Connecticut Mutual	20.4
First NH Invst.	20.4
US Nat'l Oregon (Qualivest)	20.1
John Hancock Mutual (Divers.)	19.7
Chancellor Capital	19.5
Merus Capital (Income)	19.3
John Hancock Mutual (Con.)	19.2
NationsBank (Income)	19.1
S&P 500	18.2
Russell 2000	14.4

**Other equity
3-month return**

	%
Provident Capital (Special)	11.6
Wells Fargo Nikko (Micro cap.)	11.5
Associated Bank (P/PS reg. bank)	10.7
Markston Invst. (Variable)	8.7
Puget Sound Nat'l (Special)	7.6
Russell 2000	7.5
Aetna Capital (Smal cap. index)	7.4
Nothorn Trust (Expanded F)	7.2
Travelers Corp. (Sm. cap. index F)	7.1
Bankers Trust (Russell 2000)	7.0
J.P. Morgan Invst. (Sm. co.)	7.0
S&P 500	-2.5

1-year returns

	%
Wellington Trust (Special sit.)	50.2
Meridian (Quest. special)	44.7
Associated Bank (P/PS reg. bank)	39.9
Deposit Guaranty (Special opp.)	38.4
Provident Capital (Special)	33.9
Markston Invst. (Variable)	26.1
Wells Fargo Nikko (Micro cap.)	25.4
Fleet Bank (Supp. F)	25.4
Manufacturers Detroit (Sm. cap.)	24.0
Lincoln Nat'l (Sp. opp.)	23.6
Russell 2000	21.0
S&P 500	11.0

Consultants directory: Nov. 9.

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5-year returns

	%
Bankers Trust (Minority T)	26.4
Meridian (Quest special)	21.0
Wellington Trust (Sp. sit.)	19.1
Markston Invst. (Variable)	16.8
Deposit Guaranty (Sp. opp.)	15.2
Meridian	15.0
Pacific Financial (Income)	14.7
Provident Capital (Special)	14.5
Lincoln Nat'l (Sp. opp.)	14.2
Mutual of N.Y.	13.6
S&P 500	10.4
Russell 2000	6.1

10-year returns

	%
Provident Capital (Special)	21.3
Meridian	19.7
Markston Invst. (Long term gro.)	19.6
Chancellor Capital (Indexplus)	19.3
Wesbanco Bank Wheeling (B)	19.2
First Asset Mgmt. (Special)	19.1
Valley Nat'l Bank (I)	18.9
Mellon Equity (Active core)	18.8
Bankers Trust (Options overwrit.)	18.5
Bankers Trust (S&P)	18.3
S&P 500	16.2
Russell 2000	14.4

Top PIPER commingled fixed-income funds

Limited duration

3-month return

	%
Sentry Equity Services (S.A. D)	12.6
Signet Trust (Stable value)	1.7
Dominion Trust (Short)	1.6

NationsBank (Cash mtg. appo.)	1.5
Security Nat'l Bank (II)	1.4
First Nat'l Bank of Amarillo	1.3
IDS Trust (Money mkt.)	1.1
Security Nat'l Bank	1.0
UBS Asset (CMB short/inter.)	0.9
Michigan Nat'l (U.S. gov't)	0.8
LB G/C	-1.5

1-year return

	%
Sentry Equity Services (S.A. D)	23.1
Southwest Nat'l Bank (F)	14.7
Penn Mutual Life (S.A. C)	13.3
Security Nat'l Bank (II)	12.6
Wesbanco Bank Wheeling	12.5
Greeley Nat'l Bank	12.2
Security Nat'l Bank	12.1
AmSouth Bank	12.1
Shearson Lehman Trust (IF2)	11.4
LB G/C	11.4
Northern Trust	11.3

5-year return

	%
Wesbanco Bank Wheeling	9.5
Trustmark Nat'l Bank	9.5
Sentry Equity Services (S.A. D)	9.4
AmSouth Bank	9.4
Prudential (Structured)	9.2
First Alabama Bank (F)	9.2
Keystone Invst.	9.2
First Tennessee Bank (F)	9.0
Old Second Bank (HR 10)	9.0
UBS Asset (CMB short/inter.)	9.0
LB G/C	8.9

10-year return

	%
LB G/C	13.1
Wesbanco Bank Wheeling	13.0
First Alabama Bank	13.0
Central Banks (Treas./agency)	12.4
Old Second Bank	12.2

Old Second Bank (HR 10)	12.0
Michigan Nat'l Bank	12.0
First Tennessee Bank	11.8
Chancellor Capital	11.7
Associated Kellogg Bank	11.7
Greeley Nat'l Bank	11.7

Intermediate duration

3-month return

	%
Norwest Bank (Mgd.)	0.8
American Nat'l	0.8
Cullen Bank	0.7
Lake Shore Nat'l	0.5
American Nat'l Trust	0.5
Front Street Capital	0.4
CIGNA Invst. (Active)	0.0
Weststar Bank	-0.4
Mercantile Safe	-0.4
Princeton Bank (Collective)	-0.4
LB G/C	-1.5

1-year return

	%
UBS Asset (CMB)	12.4
NationsBank (Mtg. backed)	12.2
Bankers Trust (Short/inter.)	12.2
Union Capital	12.1
Key Trust Co. of the NW	12.1
Key Trust Co. of Alaska	12.1
CIGNA Invst. (Active)	12.0
Lake Shore Nat'l	12.0
Boatmen's Trust	11.8
American Nat'l Trust	11.8
LB G/C	11.4

5-year return

	%
NationsBank (Mtg. backed)	10.0
Cullen Bank	10.0
Key Trust Co. of the NW	9.4
Wellington Trust	9.4
CIGNA Invst. (Active)	9.3
Columbus Bank	9.2
First Commercial Capital	9.2
Harris Trust (Gain)	9.2
LaSalle Street (Gov't)	9.1
Princeton Bank	9.1
LB G/C	8.9

10-year returns

	%
CIGNA Invst. (Active)	13.6
First Nat'l Bank/Omaha (Ladder)	13.5
Columbus Bank	13.4
General American (Com. mtg.)	13.2
LB G/C	13.1
Chancellor Capital	13.0
Cullen Bank	12.8
Union Capital	12.7
Norwest Bank (Mgd.)	12.7
Valley Nat'l Bank	12.5
General American	12.4

Broad market

3-month return

	%
Wellington Trust (Emerg.)	4.3
Beverly Trust	1.9
Gary Wheaton Bank	1.0
LaSalle Street (Gov't/mtg.)	0.2
Frost Nat'l Bank	0.0
Merus Capital (Flexible)	0.0
Nat'l Westminster Bank	0.0
Calcasieu Marine Nat'l (E)	-0.1
Liberty Bank-Tulsa	-0.1
Investment Trust	-0.1
LB G/C	-1.5

1-year returns

	%
Wellington Trust (Emerg.)	24.4
Beverly Trust	16.4
Aetna Life (Inc. shares)	15.1
Prudential (Privest)	14.1
US Nat'l Oregon/Qualinvest	14.0
The Phoenix (Mgd.)	13.8
Pacific Financial	13.8
First Nat'l Bank of Amarillo	13.6

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First Tennessee Bank	13.4
Investment Trust	13.4
LB G/C	11.4

5-year returns

	%
Aetna Life (Inc. shares)	10.7
General American (Priv. place. B)	10.6
Beverly Trust	10.5
Pacific Financial	10.3
First Nat'l Bank of Maryland	10.2
J.P. Morgan Invst.	10.1
First Nat'l Bank of Amarillo	10.0
LaSalle Street (Gov't/mtg.)	10.0
Harris Trust	9.9
The Principal	9.9
LB G/C	8.9

10-year returns

	%
Meridian	15.4
Beverly Trust	14.8
Pacific Financial	14.6
First Nat'l Bank of Amarillo	14.6
IAA Trust	14.6
First Kentucky Trust	14.5
Prudential (Privest)	14.3
John Hancock (1D)	14.3
Colorado Nat'l Bank	14.2
Society Nat'l Bank	14.2
LB G/C	13.1

Long duration

3-month return

	%
First Variable Life (H.Q.)	-0.5
Prudential	-1.2
UBS Asset (CMB sec.)	-1.2
LB G/C	-1.5
Bank of Delaware	-1.7
IDS Trust	-1.9
Life of Virginia Aon	-2.0
Team Bank	-2.0
Sunburst Bank	-2.2

1-year returns

	%
Prudential	15.1
Life of Virginia Aon	13.8
Boatmen's Trust (Variable)	13.8
UBS Asset (CMB)	12.8
NationsBank	12.8
Lincoln Nat'l	12.5
State Street, James Invst. (D)	12.5
U.S. Trust Co. of N.Y.	12.4
LB G/C	11.4

5-year returns

	%
Equitable Capital (Strategic)	9.9

Prudential	9.6
U.S. Trust of N.Y.	9.6
UBS Asset (CMB sec.)	9.5
Boatmen's Trust (Variable)	9.5
United Capital	9.1
Life of Virginia Aon	9.1
LB G/C	8.9

10-year returns

	%
United Capital	15.8
Boatmen's Trust (Variable)	15.5
Life of Virginia Aon	14.9
Equitable Capital (Strategic)	14.2
First Variable Life (H.Q.)	13.6
NationsBank	13.3
Sunburst Bank	13.1
LB G/C	13.1
IDS Trust	11.6
Bank of Delaware	11.4

Other fixed-income

3-month return

	%
Connecticut Mutual Life	6.3
Capital Trust (GIC)	2.0
Bankers Trust (GIC)	1.9
Commerce Bank (Cap. preserv.)	1.8
LaSalle Street (Inc. plus)	1.7
Norwest Bank (Stable return)	1.7
Wachovia Invst. (GIC)	1.7
LB G/C	-1.5

1-year returns

	%
Connecticut Mutual (Dimension)	23.6
First Wisconsin Asset (Struc.)	15.9
Barnett Banks	12.3
Bessemer Trust	12.0
ASB Capital (Total return)	11.9
Bankers Trust	11.6
Travelers Corp. (Index)	11.1
LB G/C	11.4

5-year returns

	%
First Wisconsin Asset (Struc.)	10.2
Bessemer Trust	9.3
ASB Capital (Total return)	9.3
Bankers Trust (Lehman Index)	9.2
Capital Trust (GIC)	8.9
LB G/C	8.9

10-year returns

	%
ASB Capital (Total return)	14.2
LB G/C	13.1
Bessemer Trust	12.9
IDS Trust	10.3

PIPER commingled fixed-income funds

Periods ended March 31

Overall fixed income

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	12.6	24.4	14.6	10.6	15.8
First quartile	-0.4	12.2	12.0	9.2	13.4
Median	-1.0	11.4	11.5	8.9	12.5
Third quartile	-1.6	10.3	10.8	8.5	11.6
Lowest return	-5.4	5.6	6.0	6.9	8.5
LB G/C	-1.5	11.4	11.9	8.9	13.1

Limited duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	12.6	23.1	13.4	9.5	13.0
First quartile	0.5	11.1	11.2	9.0	11.9
Median	-0.3	10.0	10.7	8.8	11.6
Third quartile	-0.7	9.0	10.0	8.5	10.7
Lowest return	-2.6	5.6	7.7	6.9	8.5

Intermediate duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	0.8	12.4	13.5	10.0	13.6
First quartile	-0.4	11.8	11.7	9.1	12.7
Median	-0.8	11.0	11.2	8.6	12.1
Third quartile	-1.3	10.4	10.8	8.4	11.3
Lowest return	-2.1	8.5	9.2	7.1	9.8

Broad market

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.3	24.4	13.7	10.7	15.4
First quartile	-0.8	12.3	12.2	9.4	13.6
Median	-1.3	11.8	11.8	9.0	13.0
Third quartile	-1.7	11.3	11.4	8.6	12.3
Lowest return	-2.5	8.0	7.8	7.1	10.0

Long duration

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	-0.5	15.1	14.6	9.9	15.8
First quartile	-1.8	12.8	12.6	9.5	15.4
Median	-2.3	12.3	12.1	9.1	13.6
Third quartile	-3.0	11.0	11.1	8.5	11.9
Lowest return	-5.4	7.9	9.8	7.4	11.4

JOHN HALL

PIPER commingled equity funds

Periods ended March 31

Overall equity

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	40.0	64.4	45.9	26.4	26.3
First quartile	1.2	18.6	17.5	11.5	18.4
Median	-1.4	12.5	14.8	10.4	17.0
Third quartile	-3.1	10.1	12.6	8.9	15.6
Lowest return	-8.0	1.0	-2.6	-1.9	10.2
S&P 500	-2.5	11.0	14.8	10.4	18.2
Russell 2000	7.5	21.0	10.9	6.1	14.4

Growth

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	40.0	64.4	45.9	22.6	26.30
First quartile	0.5	21.8	20.5	12.6	18.8
Median	-2.0	14.8	16.8	10.5	17.1
Third quartile	-4.4	10.6	14.5	9.1	15.9
Lowest return	-8.0	5.0	0.5	-1.9	10.2

Value

	Quarter	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	12.4	38.6	20.7	16.6	21.1
First quartile	1.4	14.8	15.1	11.2	18.3
Median	-0.9	11.5	13.3	10.0	17.0
Third quartile	-2.6	8.6	12.0	8.6	15.7
Lowest return	-5.9	1.4	-2.6	0.4	11.9

JOHN SMITHER